

# IN THE DISTRICT COURT

*For the City and County of Philadelphia.*

CHARLES KUHN, for the use of  
HARTMAN KUHN, Junior,  
*vs.*

The PRESIDENT, DIRECTORS, and COMPANY  
OF THE BANK OF THE UNITED STATES,  
Defendants,—MANUEL EYRE, RICHARD AL-  
SOP, JOHN BOHLEN, J. J. VANDERKEMP,  
CHEYNEY HICKMAN, JOSEPH CABOT, LEWIS  
WALN, AMBROSE WHITE, RICHARD PRICE,  
and MATTHEW NEWKIRK, and also NICHOLAS  
BIDDLE, also JAMES ROBERTSON, RICHARD H.  
BAYARD, JAMES S. NEWBOLD, HERMAN COPE,  
and THOMAS S. TAYLOR, Garnishees.

*December Term, 1841.*

No. 54

*Attachment sur Judgment.*

(M. 40, 285.)

## INTERROGATORIES TO

*First.* Were you not elected on the first Monday in January, in the year one thousand eight hundred and thirty-nine, a Director of the Corporation styled "The President, Directors and Company of the Bank of the United States," and did you not serve and act as such for one year thereafter?

*Second.* Were you not a member of the Dividend Committee of the Board of Directors of said Bank for July, 1839, and did you not join in recommending to the said Board to declare a dividend of four per cent. on the capital stock of the said Bank, on the first Monday of the said month of July, 1839?

*Third.* Were you not present at the meeting of the Board of Directors of said Bank, at the Banking House in Chestnut street, in the city of Philadelphia, on Monday the 1st day of July, 1839—and did not you, as a member of said Board, consent and agree to, and vote that a dividend should be made on that day, of four per cent. on the capital stock of said Bank, to be paid to the stockholders on demand, at any time after the expiration of ten days therefrom?

Was not such a dividend declared and made by the said Board of Directors on that day?

Were you not present and consenting thereto? Did you enter any protest against such dividend being made, on the minutes of the said Board on that day, and give public notice to the stockholders of the declaring of such dividend? What was the amount of the capital stock on which said dividend was made? What was the actual amount in money which was so directed to be paid to the stockholders as the July dividend for the year 1839?



*Fourth.* Was such dividend so declared by the said Board, paid to the stockholders of the said Bank? In what way and by whose agency was it paid to the Foreign Stockholders?

Has any other dividend ever been declared or made by any Board of Directors of the said Bank since the dividend so made on Monday the first day of July, 1839?

*Fifth.* Were you a member of the Exchange Committee, or of the Committee on the state of the Bank, (or of both) of the said Board of Directors of said Bank during the said year 1839, and if so, state when, and during what period? What were the duties of said Committees?

*Sixth.* Were you a Director of said Bank prior or subsequent to the year 1839? Were you a member of said Exchange Committee, or of said Committee on the state of the Bank prior or subsequent to said year 1839, or of the Dividend Committee prior or subsequent to the July Committee of 1839 already interrogated about? And if yea, state during what years you were such Director, and at what times, and during what periods you were a member of either or all or any of said Committees?

<i>Seventh.</i> Were not the notes of the Bank of the United States and offices in actual circulation on the 3d of March, 1836,	-	-	-	\$20,114,227 56
Were not the Deposits of said Bank on the same day,				3,594,048 25

Making a total of immediate liabilities of	-	-	-	\$23,708,275 81
And was not the whole amount of specie in the hands of said Bank on said day,	-	-	-	\$5,595,077 25

*Eighth.* Did not the sales of the Debts, &c. at the offices of said Bank, made at different periods, amount in 1836, to \$14,839,034 71? Were not some of said sales not finally closed until after the 3d of March, 1836—and was not the credit given on such sales generally at one, two, three, and four years, with five per cent. interest? In some instances, was not the interest as low as four and four and an half per cent., and in one case, were not four, five, six, and seven years given on \$250,000, and in another twenty years on \$1,000,000?

Were not long loans for one, two, three, four, five, or more years, made both at the Bank and its offices, amounting in 1836 to \$13,785,254 60? Was not the amount of long loans outstanding in 1836, \$28,624,289 91 at least, which could not be collected in order to meet the *immediate liabilities* of the Bank?

<i>Ninth.</i> Did not the said Bank contract, by the act of 18 February, 1836, to pay into the Treasury of the Commonwealth the sum of	-	-	-	-	\$2,000,000
And also, to pay the Treasurer for the use of the Commonwealth, on the 3d March, 1837.	-	-	-	-	500,000
And to pay the further sum of	-	-	-	-	100,000

on the first day of June, 1836, and like sums annually for nineteen years thereafter?

Were not said sums so paid by the said Bank prior to the 1st of July, 1839, amounting to \$2,922,662?

Were not other sums paid prior to the 1st day of July, 1839, for which the stockholders of said Bank received no value? If yea, to what amount—to whom were they paid, and for what purposes?

*Tenth.* Did not the said Bank, agreeably to said act of 18th February, 1836, subscribe to the capital stock of various Rail Road; Navigation, and Turnpike Companies the sum of \$675,000, or if not that amount, how much? How much of said subscriptions had been paid to said companies prior to said 1st day of July, 1839, and how much remained unpaid on that day? Did not the said Bank voluntarily subscribe to similar works and pay the additional sum of \$978,759—and how much of said sums was paid prior to the 1st day of July, 1839?

What is the present value of said stocks so subscribed for? State the names of said



companies and the amount subscribed to each, and also the sums actually paid to each prior to the 1st day of July, 1839 ?

*Eleventh.* Did not the said Bank borrow in Europe, in 1836, through the agency of Mr. Samuel Jaudon, their cashier, the sum of \$6,788,194 44 ?

*Twelfth.* Did not the said Bank settle with the United States for their stock in the preceding Bank of the United States by giving them their four Bonds, dated 10 May, 1837, for the payment of four several sums of \$1,986,589 04 each, with 6 per cent. interest on the same from 3d March, 1836 ? How much of said bonds, principal and interest was paid prior to the first July, 1839, and how much remained unpaid on that day ?

*Thirteenth.* Was not the whole amount of specie held by the Bank on the 1st May, 1837, \$1,490,968 01 ?

Were not the liabilities of the Bank on that day independent of the claim of the United States as follows :

Notes in actual circulation,	-	-	-	-	-	-	\$7,193,021 04
Deposites (\$9,939,954 58)	-	-	-	-	-	-	2,846,933 54
Post Notes,	-	-	-	-	-	-	4,446,399 90
Bonds in Europe,	-	-	-	-	-	-	4,318,149 28
Loans in Europe,	-	-	-	-	-	-	6,788,194 44
							<hr/>
							\$25,592,698 20

Did not the said Bank fail on the 11th May, 1837 ? What amount of specie had it on that day, and particularly what amount in the Banking House in the city of Philadelphia ?

*Fourteenth.* On the 3d August, 1838, were not the following amongst others the liabilities of the said Bank :

Notes in circulation,	-	-	-	-	-	-	\$5,185,385 64
Deposites,	-	-	-	-	-	-	5,002,351 31
Treasurer of the United States,	-	-	-	-	-	-	2,254,871 38
Post Notes,	-	-	-	-	-	-	4,868,970 11
Loans in Europe, and interest thereon, and Bonds in Europe,	-	-	-	-	-	-	10,093,433 38
Agency at London,	-	-	-	-	-	-	3,464,388 79
							<hr/>
							\$30,769,400 61
Whilst its specie was	-	-	-	-	-	-	\$7,357,137 72

And were not the following amounts the amounts of specie respectively held by the Bank on the days set opposite to each sum :

1838, September 3, specie on hand,	-	-	-	-	-	-	\$5,766,541 71
" October 1,	-	-	-	-	-	-	4,596,403 38
" November 1,	-	-	-	-	-	-	5,223,476 79
" December 1,	-	-	-	-	-	-	4,918,855 68
1839, January 1,	-	-	-	-	-	-	4,153,607 16
" February 1,	-	-	-	-	-	-	4,001,778 76
" March 1,	-	-	-	-	-	-	3,580,645 49
" April 1,	-	-	-	-	-	-	3,069,580 21
" May 1,	-	-	-	-	-	-	2,419,962 95
" June 1,	-	-	-	-	-	-	2,373,043 82
" July 1,	-	-	-	-	-	-	1,959,186 83
" August 1,	-	-	-	-	-	-	1,325,082 62

And did not the Specie held by the Bank in the City and County of Philadelphia on the 1st July, 1839, amount to - - - - - \$1,330,288 43

And on the 1st of August, 1839, to - - - - - 948,351 49 ?

*Fifteenth.*—Were not the following amongst others the liabilities of the said Bank on the 1st July, 1839,



Notes in Circulation,	-	-	-	-	-	-	-	-	-	\$6,022,915 90
Deposites,	-	-	-	-	-	-	-	-	-	4,342,353 87
Post Notes,	-	-	-	-	-	-	-	-	-	6,483,653 01
Loans in Europe, Interest thereon, and Bonds in Europe,	-	-	-	-	-	-	-	-	-	6,810,176 90
Agency in London, &c.,	-	-	-	-	-	-	-	-	-	2,293,257 60
										<hr/> \$25,952,357 28

And did not you with the other Directors of the said Bank who were present at the aforesaid meeting of the board on the 1st July, 1839, by the declaration of a dividend on the said 1st July, 1839 add to said liabilities the amount of - \$1,354,997 05 or thereabouts?

And did it not make the total of said liabilities as of that day, - \$27,307,354 33 or thereabouts?

*Sixteenth.*—Was not the amount of Stock accounts on the 1st July 1839, as returned amongst the assets of the said Bank, - \$16,207,451 07? Of what items was the same composed?

*Seventeenth.*—Was not the line of “bills discounted on other security” of the said Bank on the 1st July, 1839, - \$18,840,865 41? Of what items was the same composed? Were not these permanent or long loans?

*Eighteenth.*—Of the line of Bills discounted on personal security at the Bank in Philadelphia, on the 1st July 1839, how much of the \$7,154,509 30 consisted of good commercial business paper, payable without renewal at maturity?

*Nineteenth.* Of the lines of bills discounted at the branches at Pittsburg, New-Brighton and Erie on the 1st July 1839 how much of the respective sums of  
\$1,099,378 14  
281,698 26  
394,627 17

consisted of good commercial business paper, payable without renewal at maturity?

*Twentieth.*—Was there not a large balance due to the banks of the City and County of Philadelphia by the said Bank of the United States on the 1st July 1839? What was it?

*Twenty-first.*—How much of the sum of \$6,667,653 29 due by state banks to the Bank United States on the 1st July 1839, was due by banks South and West of Pennsylvania? State the amounts due by the banks in each state composing the said amount with the names of the banks and the respective amounts due by each, and which of said banks had then suspended specie payments.

Were any of the said debts loans to said banks? If aye, when were they made and to what amounts? Specify each bank and its loan particularly.

*Twenty-second.* Did not the engagements of the bank in London maturing in the month of October 1839, amount to £1,050,000 sterling or thereabouts, and did not the greater bulk of this sum fall due between the 1st and 7th of that month, including post notes and bonds falling due on the 3d of same month?

*Twenty-third.*—On and before the 1st July 1839, had not the said Bank United States branches or agencies at

BOSTON,	NEW-ORLEANS,
NEW-YORK,	NATCHEZ,
WASHINGTON,	LOUISVILLE and
MOBILE,	CINCINNATI?

Were there any other agencies or branches of said Bank at any other places beyond the territorial limits of Pennsylvania on the 1st July, 1839? If aye, name them particularly, and when they were established.



Were not notes and bills discounted and loans made at the said agencies or branches with the funds of the Bank United States? Were not deposits received at the same? Was not specie belonging to the said Bank held at all or some of the said agencies or branches and which? Did not the said agencies or branches or some of them perform all or most of the duties of offices of discount and deposite of the mother Bank at Philadelphia, in receiving deposits, discounting bills aud notes, issuing the paper provided by the mother Bank, and were not the profits or losses of said agencies or branches credited or charged to the mother institution at Philadelphia?

How were said agencies or branches managed? By agents, directors or in what way? Specify particularly the mode in which each one was managed in June, 1839, and on the 1st July, of the same year and by whom such agents, directors or managers were appointed.

*Twenty-fourth.*—What was the connection between the said Bank and “The Bank of the United States, in New-York,” established in 1838 at New-York under the Free Banking Law of the state of New-York?

Was it not established by the Bank United States, and were not the funds for doing so provided by the said Bank?

Were not George Griswold and Richard Alsop merely agents of the Bank United States in commencing and continuing said Bank in New-York? What was the contract or arrangement of the said gentlemen with the said Bank at Philadelphia in relation thereto?

What was their compensation for management? Were not the \$200,000 Stock deposited with the Comptroller of the State of New-York, or the proper officer provided directly or indirectly by the said Bank United States at Philadelphia?

Was it not held out to the world by the said Bank United States its directors and officers, prior to the 1st July, 1839 that the said Bank in New-York was entirely a concern of Messrs. Alsop and Griswold, and that the said Bank United States had no interest therein?

*Twenty-fifth.*—Of the lines of Bills discounted on personal security on the days and times following, at the following branches or agencies, viz :

June 27th 1839, at Boston,	-	-	-	-	-	-	-	-	-	-	-	\$	48,911	92
“ 25th “ “ New-York,	-	-	-	-	-	-	-	-	-	-	-		1,673	001 89
May 31st “ “ Washington,	-	-	-	-	-	-	-	-	-	-	-		55,761	41
June 17th “ “ Mobile,	-	-	-	-	-	-	-	-	-	-	-		258,721	33
May 31st “ “ Louisville,	-	-	-	-	-	-	-	-	-	-	-		142,649	82
“ “ “ “ Cincinnati,	-	-	-	-	-	-	-	-	-	-	-		1,081,742	16

how much consisted of good commercial business paper payable without renewal at maturity? Specify the amount as nearly as you can at each agency or branch.

When the said dividend was made on the 1st July, 1839, had you any other returns of later date than the above from said branches or agencies?

*Twenty-sixth.* Was not a letter from the President of the Bank of the United States, Mr. Nicholas Biddle, to John Quincy Adams, dated 10 December, 1838, (and of which a copy is hereto annexed, marked A) published about that date in the public newspapers of the city of Philadelphia? What newspapers published in said city did you take at that time? Was not the said letter published in the said newspapers so taken by you?

Did you not read the said letter, and when? Did you not read it prior to the 1st July, 1839?

*Twenty-Seventh.* Did not the said Bank establish an agency or branch in London, and at what time? Who was the agent? Was it not Samuel Jaudon the cashier of the Bank? Was not the such agency established after the failure of the Bank in May 1837, and in the latter part of that year? State the the time exactly when it was determined by the Board to establish such agency, the day on which Mr. Jaudon was elected said agent, and the day said agency commenced in London. Was not such agency continued up to the first of July 1839, and was it not in active operation



during the whole of that year? What were the the objects of said agency, and what were the duties, powers, allowances and compensation of the said agent? Were there any written documents or papers of any kind in the possession of the Bank showing said duties powers allowances and compensation? Was the said agency used by the said Bank as the common centre and the general support of all American Securities and did the public, and corporate stocks of the States by the orders of the Bank find shelter and protection at said agency? Was not such agent appointed in order to provide for the payment of loans contracted by the Bank in Europe in 1836, and to negotiate other loans? What was the appropriate business of the agent of the Bank at said agency? Was it to receive deposits, issue the notes of the Bank payable on demand, and to discount Bills and notes? Or was it to pay the dividends due to Foreign Stockholders, and to keep up the price of the stock of said Bank, to sell cotton, state, and corporate stocks belonging to the Bank or to raise money upon them by pledge, mortgage or otherwise, to borrow money for the Bank by sales or issues of its post-notes bonds and securities, to pay its debts and dividends in Europe, and to take up its post-notes, bonds and other engagements falling due there and to take up its bills drawn in America upon its agent in London, without having previously provided the funds to meet them? Was it not a part of the appropriate business of the agent to be the drawee of the bills of the Bank on London, whether with or without funds?

Was it not his appropriate duty to provide for such bills, by obtaining money in Europe on loan or by sale of the bonds and post notes of the Bank? Was it not his appropriate duty to obtain more money to take up such bonds and post notes by the proceeds of sales of other post notes and bonds? Was it not the appropriate business of the agent to borrow money on interest for the Bank—to sell, or pledge, or mortgage the stocks of the different states, of the Union, and of the corporations therein, purchased by the Bank in America and remitted to London? Were not the proceeds of such sales, pledges and mortgages appropriated by said agent to pay debts due by the said Bank, and also the dividends due its foreign stockholders in Europe? Was it not the business of said agent to pay the dividends due abroad, and when funds were not provided from America to pay the same with moneys borrowed in Europe on the credit of the Bank?

In what *medium* were such dividends paid by said agent? Was it not gold or its equivalent?

*Twenty-eighth.* What was the amount due and becoming due from the Bank in Europe on the 1st July, 1839, and what were the means provided by the Bank to pay the same?

What amount of bills were drawn in the first six months of 1839 by the Bank on their agent in London, or other individuals or corporations in Europe, and what portion of the same was drawn upon funds actually in the hands of the drawees? Were not bills, and to what amount, drawn during the said period by the Bank on persons in Europe, without funds and without advices that the same would be accepted or paid? State the amounts, on whom drawn, and when?

*Twenty-ninth.* What amount of specie was remitted by the Bank during said period referred to in the preceding interrogatory, and in the subsequent part of 1839, to the agent in London, or to other persons in Europe, and for what purposes? State the amount of each remittance, its date, and to whom made, and how such specie was obtained, whether by loans, sales of bills on London or Paris, or of the post notes and bonds of the Bank or otherwise? What state or corporate stocks were sent by the Bank during the same periods to the said agent in London, or other persons in Europe, and for what purposes? State the name, character, and amount of each stock, and the date of each remittance.

*Thirtieth.* What state and corporate stocks or bonds were held by the Bank on the 1st July, 1839?

What portion of the same was in America, and what in Europe? What part, if any, of them was pledged or mortgaged, and to whom? How did the Bank become



the owners of such stocks or bonds? State the circumstances attending the purchase or acquisition of such stocks or bonds particularly.

Were the stocks or bonds of the states of Michigan and Indiana, or either of them, among the said stocks or bonds? Were the stocks or bonds of the state of Mississippi among the same? What were the amounts of said last mentioned stocks or bonds so held?

*Thirty-first.* Were not the said state and corporate bonds and stocks purchased by the Bank in order to remit to Europe? Was not the purchase money of such stocks and bonds paid either by notes of the Bank or its bonds, or post notes, or by depreciated paper of other banks, or by the proceeds of the sales of bonds and post notes of the Bank?

*Thirty-second.* Was it the appropriate business of said agent to remit moneys borrowed in Europe to the Bank in Philadelphia? If yea, what amount was so remitted in the first six months of 1839, at what times, and in what vessels? State the amount and all the circumstances of each remittance particularly.

*Thirty-third.* Were the post notes and bonds of the Bank sold in Europe executed here by the Bank, and sent to its agent with sums, dates, &c. filled up, or had he authority to sign and fill them up there? What limit was placed to his authority to issue, sell, or dispose of the same?

*Thirty-fourth.* When did the Bank enter the foreign and domestic markets as borrowers upon their post notes and bonds payable in Europe or elsewhere? And from the time of such entering said markets until the 1st of July, 1839, what was the amount so obtained by the Bank?

Did not the Bank commence borrowing money in Europe in 1836, and was not such borrowing continued in Europe and America in 1837, 1838, and 1839? And was not each borrowing as it fell due met by a fresh borrowing, or by a renewal of the loan?

*Thirty-fifth.* What money had the Bank to lend on the 1st July, 1839? Was not such part of the July dividend of 1839 as was paid by the agent in London paid out of moneys borrowed in Europe for the Bank? Was not that the case with the similar portion of the January dividend of 1839, and of all dividends declared after November 1837? And if not, out of what means were the same paid?

*Thirty-sixth.* Was cotton purchased by the Bank, or with Bank funds and sent to Europe, and to whom, and what amount, and when? Were advances made by the Bank on cotton which was sent to Europe? To whom was it sent, to what amount, and when? What quantity was on hand on the 1st July, 1839, and what profits were made by the Bank prior to that period? What became of the proceeds of said cotton so purchased or advanced upon by the Bank?

*Thirty-Seventh.* How many millions were loaned by the Bank to banks in the South-western states previous to 1st July, 1839? State the names of the banks and of the states in which they were located, the amount loaned each bank, and the times when, and whether such bank was suspended at the time of said loan, or was so on the 1st July, 1839. What securities were taken for such loans? State the names, and nature, and amount of such securities. Why were such loans made, and what authority had the Bank to make the same? What was the amount of said loans outstanding on the 1st July, 1839?

*Thirty-Eighth.* What were the respective amounts owing to the Bank by Mr. Steenberger and Judge Hitchcock of Alabama, on the 1st of July, 1839? When were said loans made at what rates of interest, and upon what securities? What amounts were owing to the Bank on that day by Editors of newspapers, members of Congress, both present and former, and officers of the Bank? State the name of each individual, the amount loaned, the date of such loan, and the security held therefor.



*Thirty-Ninth.* Was it not feared that the Bank United States and the banks generally would be obliged to suspend in the fall of 1839 and was it not deemed best to make the banks of New York to fail first? Did not such fear arise from a knowledge of the weakness of the Bank United States, and its inability to continue specie payments?

To effect the purpose of breaking the New York banks was not resort had by the Bank to the sale of Foreign Exchange? Did the state of the accounts with Messrs. Hottinguer and its other agents abroad warrant any large drafts upon them? Was it not determined by the Bank to avoid this difficulty by shipping the coin to be drawn from the New York banks immediately to meet the bills? Were not large masses of Foreign Bills of Exchange, and particularly bills on Paris sent by the Bank to New York to be sold without limit?

Were not such bills signed in blank and so sent to New York, and although a large book of them was forwarded, was it not soon exhausted, and application made to the agent of the Paris House in New York for a further supply, and did he not draw a considerable amount besides?

What was the amount of such bills so drawn, and when was the large book so sent to New York?

Were these bills provided for, or were the drawees abroad ever *regularly* advised of them? Did not the proceeds of these immense sales of Exchange create very heavy balances against the New York banks? Were not said bills so drawn dishonored?

If not all, to what amount? Specify if you can the exact bills so dishonored with their dates amounts, and on whom drawn? Did not the said Bank fail on the 9th October 1839, the day after the General Election in this State? On the day of such failure what amount of specie had the Bank on hand, and particularly what amount of specie in the vaults of its banking house in the City of Philadelphia?

*Fortieth.* Were not dividends of four per cent each on the Capital Stock of said Bank declared and made by its Directors on the first Mondays in July 1836, January and July 1837, January and July 1838, and January 1839? Were you a Director of said Bank at any or all of said periods? If yea, were you present at the meetings of the Board of Directors at which such dividend or dividends was or were declared and made, and did not you consent and agree thereto, and vote therefor? Were not all the above dividends paid to the stockholders of said Bank?

*Forty-first.* Did the said Bank, agreeably to the tenth fundamental article of the said corporation, contained in the fourth section of the act of Assembly of this Commonwealth, entitled "An Act to repeal the state tax on real and personal property, and to continue and extend the improvements of the state by rail roads and canals, and to charter a state bank to be called the United States Bank," passed the 18th February, 1836, make to the Auditor-General *monthly* returns of its condition, showing the details of its operations for the months of November 1838, January, February, March, April, May, June, July, August, September, and October 1839? Were such returns or any of them made prior to the month of November 1839? Were they not all sent together to Harrisburg on or about the 14th November 1839?

What was the reason they were sent at that time, and why were they not sent every month agreeably to the said 10th article? Was the Board of Directors afraid to have the actual condition of the Bank disclosed to the public, and particularly about the 1st July 1839, and was this the reason which induced the Board not to make said returns every month? Did the Board believe that if such returns were made regularly every month that they would produce the failure of the Bank? Did not such belief induce the said Board to withhold said returns until after the Bank had failed?

Did not the Bank send to its agent in London a statement of its condition as of the 1st October 1839? Did not such statement leave New-York on or about the 19th October 1839? Did such statement correspond in its items with the monthly return of the same date sent to the Auditor General at Harrisburg in November 1839?

What was the cause of the following differences between said statement and return?



Statement sent to Mr. Jaudon.			Return to Auditor General.		
Stock Accounts,	- - -	\$17,782,347 38	- - -	- - -	\$13,286,125 42
Specie,	- - -	1,045,273 34	- - -	- - -	1,592,380 06
Notes of State Banks,	- - -	2,196,613 63	- - -	- - -	2,632,566 40
Banking Houses,	- - -	446,003 96	- - -	- - -	581,028 39
Circulation,	- - -	4,038,717 24	- - -	- - -	4,318,222 18
Discount, Exchange and Interest,	- - -	495,398 95	- - -	- - -	649,270 77
Contingent Fund,	- - -	850,435 37	- - -	- - -	944,404 89
Deposites,	- - -	3,394,947 99	- - -	- - -	3,806,092 19

Which of said statements was correct?

Was not a condensed monthly return of the 4th November, 1839, published by order of the Bank in the Philadelphia papers of that month, and after the 15th of said month, showing a surplus in favor of the Bank of \$4,869,009 67—and did not some or all of said papers praise the same as proof of the soundness of the Bank? Did not a special committee of the Board of Directors, appointed on the 12th of November, 1839, to examine into the situation of the Bank—report on Friday the 15th of same month to the Board the said condensed monthly return of the 4th November, 1839, with additional statements, showing the probable surplus to be only \$1,071,004 34, and not \$4,869,009 67?

Was not such report or its substance sent out to Mr. Jaudon, their agent in London, by the steamer of the 16th November, 1839, and was not it or its substance published by him in London on or about the 4th December, 1839?

Was the report or its substance published in America until it was received from London by arrivals of vessels leaving Europe after the 4th of December aforesaid?

Why did the Board publish in Philadelphia only the condensed monthly return without the report or its substance which was communicated in London to the Foreign Stockholders and Creditors of the Bank a month or so before it was known to the domestic Stockholders and Creditors of the Bank?

Was not the community led to believe by the summary published here that the Board believed the surplus (and so pledged their words) to be \$4,869,009 67 when it was reported to them to be not more than \$1,071,004 34 and that such was the communication to be made by their agent in London to the Foreign Stockholders and Creditors of the Bank? Did not the said condensed summary of the return of the 4th November 1839, published here, and the statement published by Mr. Jaudon in London, represent the post notes as only amounting to \$7,016,643 13? Did not the monthly return dated 4th November 1839, made to the Auditor General, and by him received on the 14th of same month, exhibit the same item as amounting to \$7,987,043 18?

Would not said excess of post notes amounting to \$970,400 00 if said summary and report had been so corrected have reduced the nominal surplus of \$1,071,004 34 reported by the said special committee to only \$100,604 34?

Were you a member of said special committee? Who composed said committee? Did you not read the said condensed summary showing a surplus of \$4,869,009 67 in the newspapers of this city, or some of them, in the month of November, 1839?

Did you publish any statement in said papers, or address any circular to the stockholders or creditors of the Bank in November or December, 1839, showing the incorrectness of said summary or any part thereof?

*Forty-second.* Did not the said dividend of four per cent. so declared and made by the Board of Directors of said Bank, on Monday the first day of July, 1839, impair the capital stock of said Bank? Were you not, and are you not indebted to the Defendants in this attachment for the amount of said dividend?

Should the sums interrogated about at any particular date or time not correspond with the knowledge of the garnishee, he will state what the true amount was or is, as if the Interrogatory had been so framed as to call for its actual state at such time?

JOHN M. READ,

*Attorney for Charles Kuhn for the use of Hartman Kuhn, Junior.*

December 30, 1841.



[ A ]

## LETTER

FROM NICHOLAS BIDDLE, ESQ., TO THE HONOURABLE JOHN QUINCY ADAMS.

*To the Honourable John Quincy Adams, Washington, D. C.*

PHILADELPHIA, December 10th, 1838.

MY DEAR SIR:—The general resumption of specie payments presents a fit occasion to close our correspondence with an explanation of the course of the Bank of the United States in regard to that subject. This shall be done briefly and finally.

On the 10th of May, 1837, the banks of New York suspended specie payments, and their example was immediately and necessarily followed by the other banks in the United States. The country was thus placed in a situation of extreme difficulty, from which it could be extricated only by instant and vigorous measures for its protection. The dangers were—the total prostration of its credit and character abroad—the depreciation in prices of all its public securities and its staple productions—and, last and worst, that the defensive remedy of suspension might be protracted until it became itself a disease. It was manifest, too, that the calamity had outgrown the capacity of mere politicians—that the country must take care of itself and rely only upon itself—and as, in times of peril, the voice of the humblest citizen may sometimes be heard above the tumult, my own personal position seemed to justify the assumption of instant and deep responsibility. Accordingly, at the very moment when this national misfortune occurred, immediate measures were adopted to mitigate and repair it. Of these, in their order.

1. Aware that the first intelligence of the suspension would degrade the character of the country, and subject us to the reproach of bad faith and insolvency, I addressed to you a published letter, which went to Europe at the same time with the news of the suspension, in which I ventured to pledge myself for the fidelity of our countrymen. In that letter, of the 13th of May, 1837, I said:—"In the mean time two great duties devolve on the bank and the country. The first regards foreign nations;—the second, our own. We owe a debt to foreigners, by no means large for our resources, but disproportioned to our present means of payment. We must take care that this late measure shall not seem to be an effort to avoid the payment of our honest debts to them. We have worn, and eaten, and drunk the produce of their industry,—too much of all perhaps—but that is our fault, not theirs. We may take less hereafter,—but the country is dishonoured unless we discharge that debt to the utmost farthing."

For this purpose—the early and total discharge of our debt to foreigners—the whole power of the Bank of the United States was devoted. In such a crisis it was evident that if resort was had to rigid curtailments, the ability to pay would be proportionally diminished;—while the only true system was, to keep the country as much at ease as consisted with its safety, so as to enable the debtors to collect their resources for the discharge of their debts. For the same purpose the bank, though entirely out of its course of business, and in some degree of collision with its own exclusive interests, assumed an active agency in collecting the debts of the Bank of England,—gave every facility for the recovery of all debts, and stimulated our countrymen to this duty by earnest and constant appeals to their honour and their true interest. With what a generous emulation that appeal was answered you well know—for it touched a chord which lies deep in all American hearts. If the universal distress which pervaded the community could not be witnessed without a painful sympathy,—its melancholy was redeemed by the high and manly spirit which it roused throughout the country. For never, on its most glorious fields of battle, was there displayed a more lofty sentiment of honour and courage than was then exhibited. The honest payment of debt,—the homely duty of private life—was elevated by its universality into a sentiment of national honour,—as the whole country in mass pressed forward to its performance, as to some sacred and patriotic obligation. Whatever could be paid, was paid instantly and cheerfully; what it was impossible to pay at once, was secured with ample interest for the delay, with an utter abandonment of mere selfishness, and a disregard of any pecuniary sacrifice necessary to fulfil their engagements. Accordingly the manner in which the United States have settled their immense commercial debt to Europe is a lasting monument of their integrity. No country could have better performed its duty. Even in the calmest moments of prosperity such a settlement could scarcely be imagined as was accomplished amidst the general wreck and confusion of all its great interests with which the country was afflicted.



The consequence is, that the general credit of the country never stood higher than at this moment;—for it has now earned a distinction entirely exclusive and characteristic—that while the government of the United States is the only government on earth that has ever paid to the last cent its national debt, the people of the United States have discharged their private engagements with an unexampled fidelity;—a civil glory, this, worth a thousand victories.

2. In the midst of these troubles the character of our institutions was threatened by a combination of politicians in Pennsylvania, who endeavoured to establish as the basis of American legislation, that a charter or other engagement made by any state legislature was liable to be annulled by any subsequent legislature—and still more effectually by any political meeting called a convention—which is only another form of extraordinary legislation,—and an attempt was announced to carry that dogma into effect at a convention then approaching. The assertion of such a right by the state government, to annul all its engagements to foreigners, put forth at a moment when the country was labouring under a temporary inability to pay its debts, was calculated to destroy all confidence in the integrity of our American institutions,—and I therefore said to you in my letter, “This must not be. It must be decided whether this Pennsylvania of ours is a virtuous community or a mere society of plunderers;—nor will the honour of the state be relieved either at home or abroad from the stain which a few small politicians wish to fix upon her, until the convention adopts some solemn declaration that there is no power in this nation capable of violating the sacred engagements of the state authorities. That should be done, and if any efforts of mine may avail, that shall be done, for the honour of this state, for the character of her sister states, and for the stability of our popular institutions.”

Accordingly, when the convention met, one of its most decided acts was the following resolution, passed on the 21st of November, 1837.

“*Resolved*, That it is the sense of the convention that a charter duly granted under an act of assembly, to a bank or other private corporation, is, when accepted, a contract with the parties to whom the grant is made; and if such charter be unduly granted, or subsequently misused, it may be avoided by the judgment of a court of justice in due course of law, and not otherwise, unless in pursuance of a power expressly reserved in the charter.”

The obligation of the state legislature to fulfil all their engagements made with foreigners—and the anxiety of individuals to pay their foreign debts, being thus established, the next care was to enable both to comply with their contracts at as little sacrifice as possible. It was due to foreigners that every debt should be paid—it was due to ourselves to make the most of our resources in the settlement. Now these resources consisted mainly in the public securities, and the staple productions of the country. The shock of suspension would of course sink both to the lowest point of depression, and it seemed expedient to save them from sacrifice by two measures applicable to each.

There can scarcely be any form of security more safe than the pecuniary engagements of the states. They have a most luxuriant soil—valuable products—infinite natural advantages—untiring industry in developing them. They have every thing but money,—and for that they are able to pay, and willing to pay, much more than the less productive industry of Europe can afford to pay. Their loans, too, instead of being wasted in wars or extravagance, go to the direct improvement of the borrowing states,—so that there can be no better application of the means of any European capitalist than to double his income by American investments. Yet all these require knowledge—local information—the means of exciting confidence;—and it was thought most expedient to establish an American agency in London, as the common centre and the general support of all American securities,—where, in addition to the appropriate business of the bank itself, all the public and corporate stocks of the states might find shelter and protection.

3. In like manner the derangement of the currency placed the staples of the south entirely at the mercy of the foreign purchaser, who could have dictated the terms to the prostrated planter. It was thought proper to avert that evil by employing a large portion of the capital of the bank in making advances on southern produce. This had two effects—the first was to provide remittances to pay its own bonds in England, issued to the New York merchants in their extreme distress; for as the bank could not of course purchase these staples, it made advances upon them in the south, receiving in exchange bills on Europe. The second effect was to introduce into the market a new competition, and thus prevent the unconditional subjection of the planter to the foreign purchaser. These advances were made, not as in past years, on the mere personal security of the merchants,—which the confusion of all private credit would have rendered too hazardous,—but on the actual shipment of the produce to an American house in England, willing and able to protect American property from the reckless waste with which it has been too often thrown into the market, with an entire disregard of all American interests. The combination of these causes—the application of capital on this side, and the prudent reserve on the other—have saved to the planting interest an amount which it is difficult to estimate below ten or fifteen millions of dollars. I believe, too, that nearly one half of the commercial debt of this country to Europe has been paid by the mere difference between the actual sales of the securities and staples—and the prices they would have realised had they been thrown unprotected into the hands of Europeans. These measures were essentially of a temporary nature—they



were measures of emergency, adopted in the midst of a public calamity, and to be discontinued with the necessity which caused them. As soon, therefore, as the capital and industry of the country had time to subside into their accustomed channels these operations were relinquished, and now they have totally and finally ceased.

4. During these movements it became important to understand distinctly the course of the government. In my letter to you of the 6th of April last, I stated my "conviction that there could be no safe or permanent resumption of specie payments by the banks until the policy of the government towards them was changed." This change was soon and happily made. On the 30th of May the specie circular, requiring payments in coin in the land offices, was repealed by congress. On the 25th of June the bill called the sub-treasury, requiring coin in all payments to the government, was negatived. In the month of July the government agreed to receive an anticipated payment of the bonds of the bank to the amount of between four and five millions of dollars in a credit to the treasurer on the books of the bank—and arrangements were made for the more distant public disbursements in the notes of the bank. These arrangements, as honorable to the executive officers as they were beneficial to the public service, brought the government into efficient co-operation for the re-establishment of the currency, and opened the way to a resumption of specie payments. That resumption accordingly took place throughout the middle states on the 13th of August, and in many of the southern and western states soon after.

5. It remained only to aid some of the south-western states for the same object. Their activity in extending their public and private improvements had made them debtor states, and depreciated their currency by its excess. But they had abundant resources, and perfect willingness to pay—and all that was needed seemed to be a longer period to recruit their exhausted means—so as to derive from the approaching crops, by a short anticipation, ability to meet their engagements. The Bank of the United States has used its utmost endeavors for that purpose, by making advances to the amount of many millions to the banks in those states; all of whom will, it is presumed, by the month of January, resume specie payments, and thus complete the circle of resumption throughout the whole Union.

And now, upon reviewing the events which followed the suspension, it is a source of great gratification to see that all that it was designed to do, has been done.

It was proposed to protect the character of the country from the first shock of the suspension—to effect the honorable discharge of our foreign debt with the least sacrifice of the property of the debtors—to vindicate the good faith of the state legislatures—to discourage all premature attempts to resume—but, by a cautious delay for those states which were less prepared, accomplish a universal resumption. All these are done, and the troubles of the country have happily ceased.

Of the future it is difficult to speak; but in that future the Bank of the United States will no longer occupy its past position. The Bank of the United States had ceased to be a national institution in 1836, and was preparing to occupy its new place as a state bank, when the troubles of 1837, forced it in some degree back into its old position; and it then devoted all its power to assist in carrying the country unhurt through its recent troubles. Having done this, its extraordinary duties ceased. For the future, it abdicates this involuntary power. It has no longer any responsibility to the Union. It has no longer any controversies with the government of the Union. It now desires only repose, and will take its rank hereafter as a simple state institution, devoted exclusively to its own special concerns.

I rejoice, too, that this new position of the bank absolves me from many cares and duties. In the general confusion of public affairs during the last two years it has been my lot to be more prominent than my own inclination prompted, and often to assume a station which would have better fitted others. But public calamities justify the apparent forwardness they require,—as great dangers are best met by defying them. My task is now ended—and I gladly withdraw from these responsibilities, carrying with me the only satisfaction I ever sought in them,—the consciousness of having done my duty to the country as a good citizen.

With great regard, yours, &c.

N. BIDDLE.







